

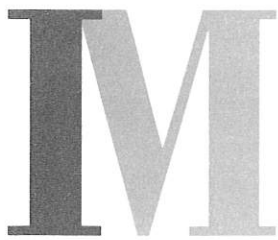
Agenda

UACIM BOARD OF DIRECTORS MEETING

December 1, 1994, 11:00-2:00

Utah Association of Counties Offices
Salt Lake City

10:00 AM	Call To Order & Welcome of New Board Members	Gary Herbert
	Review of Board Member's Absent	Gary Herbert
	Approval of October 21, 1994 and October 27, 1994 Minutes	Gary Herbert
	Brokerage Report	Jess Hurtado & Keri Chappell
	1. Underwriting response on Contaminants, Pollutants, etc.	
	2. Millard County Fire District	
	Review of November Annual Membership Meeting	Gary Herbert
	Awards Given to Low Loss Ratio Member Counties	Gary Herbert
	Loss Summary and Financial Statement Review	Brent Gardner & Jess Hurtado
12:00 PM	LUNCH BREAK	
	Litigation Committee & Claims Report	Kent Sundberg, Doug Alexander
	1. Court Cases on Immunity Caps	
	2. Discoverable Files in Third Party Litigation	
	3. Review of Pending Claims	
	Loss Prevention Report	David Nelson
	Informal Hearing on Insurance Department Examination Response	Gary Herbert
	Consultants Report	Harry Bowes
	Other Business	Gary Herbert
2:00 PM	Adjourn	Gary Herbert



UTAH ASSOCIATION
OF COUNTIES
INSURANCE MUTUAL

UAC INSURANCE MUTUAL MINUTES, BOARD OF DIRECTORS MEETING

December 1, 1994, 11:00 a.m.
UAC Offices, Salt Lake City

Members Present:

Gary Herbert, *President*, Utah County Commissioner
Gerald Hess, *Vice President*, Davis County Deputy Attorney
Robert Gardner, *Secretary*, Iron County Commissioner
Dennis Ewing, *Comptroller*, Tooele County Clerk
Ken Brown, Rich County Commissioner
Sid Groll, Cache County Sheriff
Ty Lewis, San Juan County Commissioner
Sarah Ann Skanchy, Cache County Councilwoman
Gary Sullivan, Beaver County Commissioner

Others Present:

Dixie Thompson, Emery County Commissioner
Tony Deardon, Millard County Commissioner
Kent Sundberg, Utah County Deputy Attorney
Brent Gardner, UACIM Administrator
Sonya White, UACIM Administrative Assistant
David Nelson, UACIM Loss Prevention Manager
Jess Hurtado, UACIM Broker
Keri Chappell, UACIM Broker
Harry Bowes, UACIM Consultant
Doug Alexander, UACIM Claims Administrator

CALL TO ORDER

Chairman Gary Herbert confirmed that he would be late to this meeting and requested that the Vice Chairman conduct the meeting until his arrival. Gerald called the meeting to order at 11:10 a.m., welcomed the new members of the Board of Directors and thanked Dixie, the outgoing Secretary, for her involvement in the UACIM. Max Adams was not in attendance to thank.

REVIEW OF BOARD MEMBERS ABSENT

All Board Members were in attendance.

APPROVAL OF MINUTES

The minutes from the October 21 meeting were previously reviewed by the Board. Ty made a motion to approve the minutes as written. Gary Sullivan seconded the motion and the motion carried.

The minutes from the October 27 telephonic conference were previously reviewed by the Board. Ken made a motion to approve the minutes as written. Ty seconded the motion and the motion carried.

The minutes from the brief meeting on November 9 were reviewed by the Board. Gary Sullivan made a motion to approve the minutes as written. Ken seconded the motion and the motion carried.

REVIEW OF NOVEMBER ANNUAL MEMBERSHIP MEETING

The Board was concerned with the low attendance to this meeting and discussed ways to enable more members to attend. Conflicting meetings was one of the major reasons some members were unable to attend. The administrative staff will work to ensure that other meetings are not scheduled at the same time as the membership meetings.

Another concern was that the contribution letters did not go out to the membership before the meeting, therefore, the Board felt that the members were not as involved with the premium contribution presentation. Grand County later requested a presentation to be given to the county on their premium contribution. This presentation is scheduled for December 12. Ty will accompany Jess to this presentation.

BROKERAGE REPORT

1. Underwriting Response on Contaminants, Pollutants, etc. Commissioner Russell Gallian, Washington County, was invited to attend this meeting for an update on the above captioned subject. Commissioner Gallian was unable to attend but the Board contacted him by telephone. Brent gave an update as to what has transpired since the receipt of Commissioner Gallian's letter dated August 9. The Board of Directors reviewed the letter at their August 25 meeting and advised the Litigation Management Committee (LMC) to investigate the coverage questions. The LMC met on September 27 and have continued to research this issue. Also during this time, the UACIM Broker went to the excess carrier for clarification of the coverage definition. Jess explained that he met with the excess carriers and went through the pros and cons of the legal aspects of this coverage. In that spraying being a normal part of county business, the manuscript form should be corrected and/or amended to include weed spraying with the use of herbicides. The excess carriers took this information and met with their litigation committee and put together a basic response to the underwriters for consideration. Jess spoke to the underwriters this morning who are still considering the information and feel they should have a response by next week. Jess will be personally meeting with the underwriters next week to discuss.

Jess also answered Commissioner Gallian's questions regarding the criminal abuse exclusion relating to sexual harassment. Jess will continue to research the clarification of this exclusion. Jess clarified that the exclusion for volunteers relates only to Workers Comp related issues which the counties have covered elsewhere.

2. Millard County Fire District Commissioner Tony Dearden, Millard County, was invited to attend this meeting to discuss concerns regarding the above captioned subject. The Fire District does not qualify for coverage with UACIM pursuant to the Board adopted policy on special districts. Commissioner Dearden relayed that the Fire District Board and Millard County are willing to make the necessary changes, if possible, in order to qualify for coverage with UACIM instead of going elsewhere for insurance. Different possibilities were discussed and the Board, along with Commissioner Dearden, agreed to have the Millard County Attorney, LeRay Jackson, meet with Kent Sundberg and the LMC to resolve these concerns and report to the Board at the next meeting. Ken made a motion to extend coverage to the Fire District until the concerns are resolved or no later than January 31, 1995. Ty seconded the motion and the motion carried.

AWARDS GIVEN TO LOW LOSS RATIO COUNTIES

David has contacted those counties who were recognized and has set up appointments to officially present the awards during the commission/council meetings, with the local press attending.

There was some concern that the awards were presented to counties that may not have earned them. The problem being that the loss ratio up-to-date enabled only the fifth and sixth class counties to qualify under the 30% loss ratio motioned by the Board at the prior meeting. Therefore, the most accurate way to decipher those counties qualifying was to take the up-to-date 1993 loss ratio (1994 was too inflated due to IBNR claims).

LOSS SUMMARY & FINANCIAL STATEMENT REVIEW

Due to the change in policy, *Claims Made to Claims Occurred*, the loss summary for the month ending October 31, has not yet been received from Aon Insurance Management Services. The Board reviewed the spreadsheets of the month ending September 30, for the total amount incurred per county by department and the average amount paid per claim and incurred per claim. The Board requested that the recoveries per county also be shown on these spreadsheets.

The financial statements, for the month ending October 31, were faxed to the UACIM office this morning. With the change in policy, some of the numbers have changed making 1992 and 1993 totals higher and 1994 totals lower. More details will be available for the Board at the next meeting showing this transition. Brent reviewed with the Board the financials that were faxed.

LITIGATION COMMITTEE & CLAIMS REPORT

1. Court Cases on Immunity Caps Brent reported that instances may arise wherein the UACIM may need its own legal counsel, e.g., if the immunity cap was challenged. Up to now, the UACIM has split legal counsel between Susan Griffiths, who assists in the Insurance Department issues, and Bill Peters, who has handled other issues but whose expertise is not necessarily insurance matters. The Board agreed to have the LMC review this situation and prepare a recommendation to the Board at the next meeting.

Kent added that the Solicitor General reported to the Statewide Association of Public Attorneys (SWAP) in St. George last month indicating that the Attorney General's office is working to possibly submit an amended governmental immunity statute to head-off the plaintiff's counsel who tried to overturn the statute last year. The draft is suggesting to raise the cap of \$250,000 to \$350,000 per person and from \$500,000 to \$700,000 per occurrence. The bill did not make it through last year and they may try to get it through this year. Brent assured the Board that he will be very involved again this year.

2. Discoverable Files in Third Party Litigation Kent reported that a certain case came to his attention wherein the court of appeals ruled that the plaintiff was able to get copies of the insurance adjuster's investigative file. The UACIM may want to look at different procedures to protect its files. The past rule was that the insurance adjuster's files prepared in anticipation of litigation were not discoverable but the court ruled that not all files were prepared in anticipation of litigation. Kent suggested that the County Attorneys need to become more involved in each claim that goes through the county. The Board requested that the LMC review this issue and report back to the Board with recommendations at the next meeting.

3. Review of Pending Claims Ken made a motion for the Board to go into executive session. Dennis seconded the motion and the motion carried.

Ty made a motion for the Board to come out of executive session. Dennis seconded the motion and the motion carried.

Ty made a motion to authorize settlement in an amount up to \$185,000 involving claim number 801TOO937022. Gary Sullivan seconded the motion and the motion carried.

LOSS PREVENTION REPORT

David reviewed his written report with the Board (see attachment #1). David attended the Sheriff's Departmental Session at the UAC Annual Convention in St. George wherein the Sheriff's requested information on Inmate Medical Coverage. This has been an item that has been discussed in the UACIM Board meetings and David, with input from Sid, will present information from outside carriers to the Sheriff's at their next Association meeting scheduled this month. David is continuing to work on the mandated requirements, approved by the Board, which include copies of sample policies. He will have this ready for the Board's review at the next meeting.

INFORMAL HEARING ON INSURANCE DEPARTMENT EXAMINATION RESPONSE

Jess reported that in the course of the informal hearing, Billy Lovelady commented that he didn't want to debate the issues, he would rather fix the issues and was willing to commit that the Insurance Department would waive any fines, penalties or criticisms if the UACIM will work to fix the issues. Billy asked that Jess supply him with the UACIM's requested wording corrections, which he reviewed and made three corrections in line with what the UACIM had requested. Roger Walters, the examiner, made the corrections and the report was filed. Gary Herbert signed a letter, drafted by Susan Griffiths, to the Insurance Department which confirmed the discussions and agreements stating that the UACIM was willing to forgo a hearing if the Insurance Department was willing to forgo any fines, penalties, or criticisms and that the UACIM would proceed to fix the issues.

Utah is the most regulated state as far as surplus requirements and insurance department involvement that Jess is aware. The Cities and the School Districts may be willing to pursue a joint venture with the counties to draft legislation in this regard. Gary Herbert will discuss this with the Legislative Committee.

Harry reviewed those issues listed in the examination regarding the surplus held in escrow and claim payment priority if the funds are exhausted. Jess will prepare some options for the Board to review at the next meeting.

CONSULTANTS REPORT

Harry is working on a Safety Manual for the Contractors Association on Workers Comp. He feels that certain sections may be beneficial to include in the UACIM's Safety Manual although Workers Comp is not covered through the UACIM. The Board agreed to have Harry supply this information to the UACIM.

Harry suggested that the Board extensively review the auto physical damage losses again. The Board may want to raise the deductible to \$1,000 from \$500. The Loss Prevention Manager will work to track these losses more effectively and the Board will discuss with the counties at the Membership Meeting in April.

Brent requested that Harry bring the 1994 policy log up-to-date for the Board.

Harry will work with Brent regarding the \$5 million interstate clause and possibly getting the National Association of Counties (NACo) involved. Work is continuing on changing the regulation on the Federal level.

OTHER BUSINESS

Ty had a question regarding coverage if a Bureau of Land Management (BLM) or Forest Service rig is called on by a county to assist with a fire and an accident occurs. Who covers the accident? Also, in crossing state lines, what governmental immunity applies? David will look at the State agreement and report back to the Board.

The Board has budgeted for a full time Administrator and will discuss the duties and responsibilities of the Administrator at the next meeting.

The next meeting of the Board of Directors is tentatively scheduled for January 20, 1995, 10:00 a.m. in the UAC Offices.



UTAH ASSOCIATION
OF COUNTIES
INSURANCE MUTUAL

UAC INSURANCE MUTUAL
MINUTES, BOARD OF DIRECTORS
EXECUTIVE SESSION

December 1, 1994
UAC Offices, Salt Lake City

Members Present:

Gary Herbert, *President*, Utah County Commissioner
Gerald Hess, *Vice President*, Davis County Deputy Attorney
Robert Gardner, *Secretary*, Iron County Commissioner
Dennis Ewing, *Comptroller*, Tooele County Clerk
Ken Brown, Rich County Commissioner
Sid Groll, Cache County Sheriff
Ty Lewis, San Juan County Commissioner
Sarah Ann Skanchy, Cache County Councilwoman
Gary Sullivan, Beaver County Commissioner

Others Present:

Dixie Thompson, Emery County Commissioner
Kent Sundberg, Utah County Deputy Attorney
Brent Gardner, UACIM Administrator
Sonya White, UACIM Administrative Assistant
David Nelson, UACIM Loss Prevention Manager
Jess Hurtado, UACIM Broker
Keri Chappell, UACIM Broker
Harry Bowes, UACIM Consultant
Doug Alexander, UACIM Claims Administrator

Executive session was held to discuss the Litigation Committee and Claims Report.

UAC INSURANCE MUTUAL

LOSS PREVENTION REPORT

DECEMBER 1994

David Nelson, Loss Prevention Manager

The following main items were accomplished since the last board meeting:

1. Kane County Risk Review (report sent previously to Board Members).
2. Grand County Risk Review (report sent previously to Board Members).
3. Met with the Grand County Council and Administrator (report sent previously to Board Members).
4. Conducted a loss prevention training meeting with the Grand County Road Department (report sent previously to Board Members).
5. Conducted a loss prevention training meeting with the Emery County Road Department (report sent previously to Board Members).
6. *Attended Personnel Law Update Seminar.*
7. *Attended the Utah Conference on Safety and Industrial Hygiene.*
8. Attended and participated in the annual UAC Membership meetings in St. George.
 - a. Gave loss prevention report to the UACIM Membership.
 - b. Distributed newly completed UACIM Safety Manual to those attending.
 - c. Provided loss analysis information for each county.
 - d. Recognized those counties who had very good loss experience.
 - e. Participated in the Utah Sheriff's Association meeting.
9. Coordinated training for the combined SWAP/UACIM meeting, during the recent UAC Annual Convention in St. George, to present information and training to county attorneys on the Family Medical leave Act, Fair Labor Standards Act, Personnel Discipline and Wrongful Termination. Ms. Ruth Bauman of the US Department of Labor discussed the Federal laws relating to the Family Medical Leave Act and the Fair Labor Standards Act. Many good questions were asked and Ruth answered them handily. Also, Mr. Bill Hyde of the Salt Lake County Attorney's Office lead a panel discussion on Personnel Discipline and Wrongful Termination.

**UAC INSURANCE MUTUAL
MINUTES, BOARD OF DIRECTORS MEETING**

November 9, 1994, 3:00 p.m.
St. George Holiday Inn

Members Present: Gary Herbert, *President*, Utah County Commissioner
Gerald Hess, *Vice President*, Davis County Deputy Attorney
Dennis Ewing, *Comptroller*, Tooele County Clerk
Sid Groll, Cache County Sheriff
Gary Sullivan, Beaver County Commissioner

Members Absent: Dixie Thompson, *Secretary*, Emery County Commissioner
Max Adams, Uintah County Commissioner
Ken Brown, Rich County Commissioner
Ty Lewis, San Juan County Commissioner

Others Present: Kent Sundberg, Utah County Deputy Attorney
Brent Gardner, UACIM Administrator
Sonya White, UACIM Administrative Assistant
Jess Hurtado, UACIM Broker

A brief meeting of the Board of Directors was held prior to the UACIM Annual Membership Meeting. The following item was discussed.

1995 BUDGET

Upon further review of the 1995 Budget, Gerald made a motion to adopt Option One (see attached) and retain Aon Insurance Management Services, instead of Squire & Company (see October 21, 1994, minutes), for UACIM Accounting Services. Sid seconded the motion and the motion carried.

Option 1

DRAFT

**UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL
PRELIMINARY BUDGET REPORT
YEAR ENDED DECEMBER 31, 1995**

Revenue

Premiums Written	\$2,216,684.
Unearned Premiums	\$ 0.
Premium Earned	\$2,216,684.

Investment Income	\$ 89,500.
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TOTAL REVENUE	\$2,306,184.
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Losses and Loss Expenses

Paid Losses	\$ 450,000.
Open Loss Reserves	\$ 510,000.
IBNR	\$ 540,000.
Claims Management Expenses	\$ 235,000.
Excess Insurance	\$ 375,000.

TOTAL LOSS EXPENSES	\$2,110,000.
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Administration Expenses

Brokerage Commissions	\$ 125,000.
Pool Administration	\$ 260,000.
Amortized Start-up Costs	\$ 10,000.
Audit (Coopers & Lybrand)	\$ 15,000.
Actuary (Coopers & Lybrand)	\$ 7,500.
Legal (Susan Griffiths)	\$ 7,000.
Accounting (Al Stein)	\$ 12,500.
Consulting (Al Stein)	\$ 10,000.
Interest Expense	\$ 84,000.
Other Expenses (Loss Fund Actuarial)	\$ 6,000.

TOTAL ADMINISTRATION	\$ 537,000.
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TOTAL LOSS AND EXPENSE	\$2,647,000.
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NET INCOME	\$ (340,816.)
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SURPLUS CONTRIBUTIONS	\$ 464381.
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BORROWED SURPLUS	\$ 0.
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TOTAL INCOME AND SURPLUS	\$ 123,565.
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DRAFT

